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01. What is Process? A Non-Boring Guide for Regular People
Processes are a lot more interesting than you’d first think. That isn’t some kind of joke – they’re interesting, I swear.

Although they’re defined as “a collection of interrelated work tasks initiated in response to an event that achieves a specific result”, there’s a bit of a backstory that helps us cut through the corporate tranquilizers and understand what a process is, and why processes matter.

First, a few examples of processes:

- Cleaning the store
- Finding an email address
- Deploying software
- Customer profiling
- Onboarding a new employee
- Planning a wedding

But why are those processes? Why aren’t they just jobs to be done? The point is that when you formalize a process, you think about the workflow with productivity in mind and it makes it easier to execute and optimize.
The first ever business process

The earliest known definition of a business process comes from Scottish economist Adam Smith. Breaking down his idea to the simplest elements, in 1776 he described a business process in place at a theoretical pin factory, involving 18 separate people to make one pin:

“"One man draws out the wire, another straights it, a third cuts it, a fourth points it, a fifth grinds it at the top for receiving the head: to make the head requires two or three distinct operations: to put it on is a particular business, to whiten the pins is another ... and the important business of making a pin is, in this manner, divided into about eighteen distinct operations, which in some manufactories are all performed by distinct hands, though in others the same man will sometime perform two or three of them."

Why should we care about how many people it takes make the pins, or how many steps are in the process? Well, Smith found that by creating a process and assigning the steps to individual specialists, productivity increased 24,000%.
The workings of an 18th Century pin factory, and the image that inspired Adam Smith to write the first definition of a business process.

**Using processes to work 5 times faster**

A process is necessary for the division of labor because the task isn’t just in one person’s head any more.

The full-stack pin engineer might be a fine person to write the process, but shouldn’t be running it from start to end alone – the job is 240 times more efficient when it’s split up amongst pin specialists: the person who cuts pin wires all day is less fallible than the solo pin master craftsman. Let’s stop talking about pins.

On a winter morning in 1907, Henry Ford took Charles E. Sorensen to Piquette Avenue Plant, an empty building in Detroit that would go on
to become the birthplace of America’s first mass-produced affordable car. “We’re going to start a completely new job” he told the head of production.

The Piquette Avenue Plant in Detroit, Michigan. The site of the world’s most influential business process implementation.

Ford explained his idea for a new process. Instead of one artisan creating a product alone, everyone was taught to do one of 84 simple, repetitive jobs. With this new approach to processes, Ford cut the manufacturing time of the Model T down from 12.5 hours to 2.5 hours. Not only was that a triumph for Ford’s bank account, it was one of the most revolutionary moments ever to occur, not just in the history of cars or manufacturing, but in the entire history of business.
The three types of processes every business needs

You know that processes are a set of logical instructions to be executed from start to end, but did you know that there are three types of processes? These are:

- Management processes
- Operational processes
- Supporting processes

Management Processes

Management processes aren’t as laser-focused on taking a task from start to finish as they are focused on planning and projecting the future of company operations.

An example of a management process might be a CEO planning out how best to organize the marketing team’s time and energy for a PR launch campaign. The process part would be allocating resources, defining timeframes and checking that the systems are in place and optimized.

Operational Processes

Operational processes concern your core business process. If you’re a
t-shirt company, one of your core operational processes is taking orders over the phone. Another would be getting manufactured t-shirts off to be shipped.

Whatever your business does at its core, there should be watertight processes in place to make your business scalable and efficient.

**Supporting Processes**

Surprise surprise – supporting processes support the management and operational processes. The company relies on these processes to prop up the *planning* and *doing* parts of the business. It’s processes like tech support, employee onboarding or hiring an intern.

While these aren’t what the company does to make money, they facilitate the main revenue stream and make it so the management processes have something to manage, and that the operational processes are as friction-free as possible.

**The anatomy of a process**

When a process is documented on paper (or hopefully, digitally), it’s done in the form of a standard operating procedure document. While they aren’t the kinds of things you’d take to read on an 18-hour flight, they do make processes much easier to understand, distribute, teach, and optimize.
An SOP can contain:

- A header with the title, date, author and ID
- A step-by-step list of instructions
- The team or individual responsible for executing each task
- The resources (equipment, money, time, supporting teams) that the user will need
- References to other SOPs

Typically, enterprises and government bodies will create complex SOP documentation. Click here for an example of an introduction document to a set of SOPs created by General Electric for employees working with UNICORN controlled systems. You’ll notice there’s a table of code number and SOP designations as well as explanations of terminology.

Get an extract from an actual SOP for purchasing a vehicle here. Again, it’s very thorough and uses the same style many businesses use to make sure the SOP is watertight.

... But sometimes, an SOP won’t be this complicated.
Smaller companies write efficient processes that just get the job done, and there's less need for author, and SOP ID, when they are written with SOP software that will create that manually. The same goes for the references section, which is now done with hyperlinks. Below is a simple SOP created by Process Street:

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The problems processes solve

In The Checklist Manifesto – a book we can’t stop talking about – Atul Gawande talks about how he implemented a safety process at Johns Hopkins hospital.
It seemed simple, and it wasn’t as cool as the other ideas they’d had, like robotic surgery. But in reality it was the most effective tool that could have been implemented, and it was just a sheet of paper.

Surveyed after the checklist’s implementation, 78% of medical staff at the hospital said they noticed the checklist preventing an error. And, the ultimate proof: 93% of surgeons would want the checklist to be used on them if they were in the operating theatre undergoing surgery.

This is the process:

![Surgical Safety Checklist](image)

This next example is a more tangible, disastrous one.

On the morning of the hottest day of the year – July 17, 1865 – two trains packed mostly with children collided in Whitemarsh Township, Pennsylvania, killing around 60 and injuring over 100.
A painting of The Great Train Wreck of 1856 by an unknown artist

The cause? Wikipedia has it listed as ‘human error’.

The trains were pulling far more carriages than they could handle, meaning the drivers had to stop periodically to regain the engine pressure they needed to continue. With this erratic behavior, the train wasn’t on schedule and didn’t communicate that to the surrounding stations.

The driver thought he could make up for lost time and stay on schedule, so he gunned the engine, taking an alternative track and thinking that he’d be clear of the Aramingo, another train pulling out of Wissahickon around the same time.

On a blind bend, the boilers of the two trains impacted and caused an explosion heard up to 5 miles away. The three carriages closest to the boilers were blown to splinters, and the rest caught fire and derailed.

In response to this disaster, North Pennsylvania Railroad adjusted their processes. They ruled that no two trains traveling in two directions will share the same track, and telegram communication with nearby stations was made mandatory.
Using processes in your business

Nowadays, businesses don’t *(usually)* wait until catastrophic failure strikes before giving a thought to processes. If you're not formally using processes, it’s never too early.

Get yourself a free Process Street account and start creating processes, systemizing your business and dividing up tasks. As we’ve seen, processes can increase productivity by 24,000%.
02. How Processes Protect Your Business From Crashing and Burning
How Processes Protect Your Business From Crashing and Burning

Let’s start off with something lighter than outright, embarrassing failure...

What’s your general feeling about assembling flat-packed furniture?

After putting together a desk and a couple of chairs yesterday, I’m still irked. Every hole is drilled about half an inch wrong so you have to have some kind of vice to align the damn thing, but that’s not the main problem...

The problem was my own approach to building the chair because – and the stereotype fits – I didn’t bother much with the instructions. If I wasn’t careful, my Flärdfull could end up looking more like a bloody Grönkulla because I’d used screw 440A instead of 442B and now the whole thing’s wrecked.
Even Ikea pokes fun at how people have trouble assembling their furniture.

It works just the same in your business. But the added problem is that instructions don’t come in the box – you need to write a process yourself and those are the instructions.

But what happens when you’ve got the process? Unlike a flatpacked table, you don’t know if the instructions are even any good. When you’re running a business, you’re unlikely to know if anything you’re doing is any good until disaster strikes. That is, unless you create, maintain and optimize your process documents.

It sounds dull, but it’s not as dull as the dross on TV in the daytime is it? Because you’ll be on the sofa watching plenty of that if your business crashes and burns.

This chapter is about the importance of processes for your business, but it’s not just that. Here are some of the most disastrous process-related errors in history, and how to avoid making the same mistakes.
The kinds of disasters that happen without processes

Process-related disasters span a massive range of areas, from pure human idiocy to legal and technical trouble. If it’s not an issue of ineptitude (a managerial issue) it’ll be an issue with ignorance (a legal / technical oversight).

Haunting drone footage of Chernobyl 30 years after human error caused a nuclear disaster.

Atul Gawande unearthed an interesting snippet from a ’70s academic paper in his book *The Checklist Manifesto* that explains the 2 roots of all human error:
Examples of mistakes that have been made only because of bad processes and human error oversights include:

- Mixing up metric and imperial measurements on software run by a NASA satellite, costing $125m. The software contained algorithms that didn’t comply with Software Interface Specification and, well, the satellite disintegrated.

- A perfect storm of 6 human errors – culminating with staff thinking it was ok to turn off the emergency cooling system – caused the Chernobyl disaster, costing an inflation-adjusted $720 billion, 30 deaths and an extreme amount of unsafe radiation.

“The first is ignorance – we may err because science has given us only a partial understanding of the world and how it works. There are skyscrapers we do not yet know how to build, snowstorms we cannot predict, heart attacks we still haven’t learned how to stop. The second type of failure the philosophers call ineptitude – because in these instances the knowledge exists, yet we fail to apply it correctly. This is the skyscraper that is built wrong and collapses, the snowstorm whose signs the meteorologist just plain missed, the stab wound from a weapon the doctors forgot to ask about.” – Atul Gawande
• Thanks to an IT error, 425 million Microsoft Azure customers experienced 10.5 hours of downtime when engineers overlooked an infinite loop in the source code.

• Xerox created a personal computer with a GUI before Apple, but didn’t bother to market it and only built 2000 of the things. There’s no formal marker of how much this particular error cost them, but my word are they kicking themselves now that their brand name is synonymous with nothing more than a hilariously obsolete piece of machinery.

• Zenefits’ woefully under-managed illegal operations blew up in its face in 2015 when it was found to be handing out fake insurance broker licences that were obtained through a hack called The Macro. Not only does it sound more like an underground resistance movement in Star Trek, but it served to fool a computer into thinking that someone was logging training time when they weren’t.

Whether it’s an IT problem, laziness, ineptitude, startup bro arrogance or just a lack of proper education, there have been countless mistakes in business over the years that have led to serious consequences, from billions of dollars lost to the total downfall of huge corporations.

And, in case you thought I was never going to get to the point, it’s all because these businesses weren’t following their processes.

It’s not like NASA didn’t have Software Interface Specifications that would have stopped engineers making a primary school maths mistake. It’s not like Zenefits had a solid legal process that said “develop software to farm fake broker licenses”.
It’s an easily ridiculed mess, like if you were to ignore the IKEA instructions and end up with an accidental unwanted Grönkulla. The solution, of course, is to develop and follow processes. It’s a simple solution. It doesn’t take up much time or effort. But it isn’t that attractive. It’s not something that rockstar hackers think is part of their job, and no one who was hired as any kind of ninja feels too great about it either. It’s time we realized how silly that is, and look back at the catastrophic errors businesses have fallen victim to.

It’s time we started taking stock of our processes – whether that means admitting we don’t have any, admitting they’re not so great, or just cataloging them. Remember, you can’t manage what you can’t measure. It’s time to analyze your processes, create new ones and manage them. Let’s get to the heart of the issue.
Without processes, you have no idea why something went wrong

As the cliche goes, you learn from your mistakes. At least, you should learn from your mistakes. When you mess up and apologize to someone, the most important thing they need to hear from you is that you understand why you’ve done the wrong thing. You need to know what you did wrong and how that came to be, or you’ll repeat your mistakes again and again.

The way we do this in business is by following a process. We note down which stage of the process we’re on so if and when something goes wrong, we know exactly what happened. It’s just same as how Linux systems print their activity to the screen when they’re booting up. If you get some kind of USB-related error message, you unplug the USB and try again. If it didn’t tell you, who knows what you’d do?
This is why we – the team at Process Street – work out loud. We have a Slack channel for every team, we have Trello boards for every business function, and we have processes for everything we do. Then, if it so happens that I send an email out to thousands of people that has a broken link in it, we know that what we need to do is to add ‘check for broken links’ to the pre-release checklist, and it’s as simple as that.

And that’s the thing... It’s as simple as adding precautions to the process. I’d bet NASA won’t be launching any satellites that disintegrate because of a unit conversion error again, and it’s because they register the problem, and even when the measurable result is ‘our satellite just turned into a bunch of space junk’, they were able to quantify the issue and build precautions into the process for next time. That’s what we all need to do.

In the next chapter of this business process management guide, I’m going to go through how to take stock of your existing processes, create a catalogue of process documents and get ready to optimize and create processes that will save you from disaster.
03.
Why the Normalization of Deviance is Hurting Your Company
Why the Normalization of Deviance is Hurting Your Company

According to the *Powering Productivity* report from Planview and Loudhouse, **poor processes** are the **primary cause of company inefficiencies** *(44%)*.

Even the **largest companies** in the world struggle with poor processes, resulting in poor performance and **lost revenue**.

But these problems are not always the fault of design.

Bad processes don’t just come from poor process management, but often evolve naturally within companies over time. From NASA to SpaceX, processes can become corrupted **without anyone noticing**.

This phenomenon can be known as the **normalization of deviance**.

**What is normalization of deviance?**

Normalization of deviance is a concept developed by the American sociologist **Diane Vaughan**.
She developed this theory when looking at where conflicts, mistakes, and disasters find their roots. She holds that the source of these phenomena lies in the environments in which they occur. Organizational factors are, for Vaughan, the key drivers behind moments where conflicts, mistakes, or disasters arise.

Her work on internal company case studies began with *Controlling Unlawful Organizational Behaviour* (1986) which investigated the large and rising prescriptions of a painkiller known as Revco. This study ended up concluding with the discovery of unlawful false billing of the US Welfare Department and other fraudulent activities.
She summarizes her theory of normalization of deviance in a 2008 interview with ConsultingNewsLine as:

“Social normalization of deviance means that people within the organization become so much accustomed to a deviant behavior that they don’t consider it as deviant, despite the fact that they far exceed their own rules for the elementary safety”

Describing how these deviant behaviors – or bad processes – not only cause problems but remain hidden.

This is where normalization of deviance becomes far more important than simply talking about bad processes. That poor processes are not uncovered because they have become ingrained within a company and accepted by both the organizational structures and the company culture is a sobering and challenging thought.

For her 1996 book, she sought to investigate a larger public disaster which had clear levels of organization behind it to test out her mode of inquiry further. She set out to uncover where the problem lay in the 1986 Challenger space shuttle crash. The book was called The Challenger Launch Decision, and earned Vaughan great acclaim.
How NASA normalized deviance

Vaughan specifically targets the decision making and testing surrounding the key flaw which led to the failure of the Challenger launch and the deaths of the 7 passengers on board.

Vaughan makes further claims of how normalization of deviance affected other aspects of the organization, but her central thesis lies around the solid rocket boosters (SRBs) and the relationship between NASA and private contractor Morton-Thiokol.

Through testing, NASA had discovered problems with the joints on the SRBs. Vaughan asserts that the results of these tests showed deviance from what the team was hoping to find, yet the teams chose to record these results as being within “the bounds of acceptable risk”. Vaughan
concludes that this decision to categorize the results as acceptable should have been given greater scrutiny.

However, because testing had gone on for a long time, and many sets of results had been gathered, the question of whether the results provided “acceptable risk” or not had gradually lost importance. The members of the team had repeated to themselves so many times that these results were acceptable, that they began to normalize that decision and not scrutinize it to the extent they should have done.

The problem, according to Vaughan, could be found across both teams. Morton-Thiokol were running tests on the putty used to seal the O-rings in the SRB joints. They continued to find problems and eventually replaced the putty with a better performing version. This new putty still produced results which deviated from what they wanted to see but recorded it as an acceptable level of risk.

Meanwhile, at NASA, the testing was ongoing for the SRBs and this problem continued to flare up. However, the engineers at NASA also deemed this to be an acceptable level of risk. As Vaughan describes in the interview:
As history shows, flying with that flaw was a danger and presented a higher level of risk than anticipated by the engineers in testing. The emphasis in development was focused around building something that worked, rather than considering the human lives at risk if all safety concerns were not adhered to.

By normalizing an initial premise, disaster can strike even if everything else is done well. This quote from research done by The National Transport Safety Board highlights this well:

“Most corporate wrecks are like garden-variety accidents: caused by a small error in judgment that is magnified through a cascading sequence of decisions and actions. They aren’t stopped because no one ever questions that first, faulty premise.”
Normalized deviance can signal a deeper problem

The normalization of deviance described by Vaughan has long been considered the key to the causes of the disaster – and left at that. Her own research is focused primarily around how disasters occur, so we shouldn’t be surprised if she doesn’t opt to analyze NASA’s broader activities.

However, other people saw this normalization of deviance as being a potential signal that there were greater endemic problems within NASA’s operations and the industry as a whole.

According to Ashlee Vance, in his biography of Elon Musk, the South African entrepreneur felt there was a normalization of deviance occurring within the heart of the industry. Musk, consciously or otherwise, built on the work of Vaughan in looking at why rockets and space activities are so expensive, slow, and seemingly lacking in innovation.
“Musk felt that the space industry had not really evolved in about fifty years. The aerospace companies had little competition and tended to make supremely expensive products that achieved maximum performance. They were building a Ferrari for every launch, when it was possible that a Honda Accord might do the trick. Musk, by contrast, would apply some of the start-up techniques he'd learned in Silicon Valley to run SpaceX lean and fast and capitalize on the huge advances in computing power and materials that had taken place over the past couple of decades.”

*Elon Musk: How the Billionaire CEO of SpaceX and Tesla is Shaping our Future, pg. 114*

So, Elon had felt he'd diagnosed normalized deviancy within the entire industry and sought to take advantage of it.

But how deep does this deviancy go?

Musk felt he could lower costs substantially while creating a better product and exploiting a niche in the market. According to Vance:
Musk is known for setting high targets and like many of his targets, this one was not necessarily reached the way he imagined. However, Musk has clearly had some success in exploiting the market space in the manner he described when first starting out, as detailed in TechCrunch:

“SpaceX currently charges around $60 million on average for a launch, which is drastically less than its competitors in the commercial spaceflight industry – but it enjoys only very thin margins on each launch as a result.”
The importance of good processes

Too often, the role of processes in a business are overlooked.

Bad processes lead to bad results.

We have published more than once about the human-resources focused, health insurance unicorn startup Zenefits. They saw their valuation plummet across 2016 from $4.5bn to $2b.

This largely came about because their team were not properly licensed to work in the states they were selling to. They didn’t have sufficient checks on their employees and even encouraged malpractice through pushing employees to get any licenses they do get at a faster rate than normal.

The problem with Zenefits could probably be seen straight away from their company motto: “Ready. Fire. Aim”.

Moreover, good process management is not only about organizing people, it is about analyzing and understanding your processes.

On a day to day level, processes often work by providing a clear series of steps to undertake different tasks. However, processes are much more than this. High-level processes which map out the broader company activities and line up with the direction and strategy of the company can help you evaluate all the smaller processes within them.

Optimizing processes and analyzing each step of a process from the beginning to the end helps you locate mistakes and poor calls and as a result readdress those issues.
Collaborate on your process creation

To implement strong business process management, you want to make sure it is a collaborative arrangement. According to AIIM, business process management should involve the whole team. People should feel like they have ownership over the processes they’re employing. The development of processes should have input from all members to result in more effective and efficient processes.

Why is this important?

Because the normalization of deviance is a social phenomenon. You can normalize deviance on your own, if you want to. But inside an organization where your work will be evaluated by others, someone is going to spot your flaw – unless your name is Galen and you’re building an intergalactic space station, apparently...

It is the specific problem of teams normalizing problems which makes this concept so potentially damaging. If a whole team has accepted
something then each individual effectively becomes blind to the problem.

Collaborative creation of processes means that the whole team can be involved, including input from outside the core group. These processes can be assessed and analyzed by outside eyes which may be more able to spot the deviancy and stop it before it becomes too deeply embedded.

Communication is key to fighting deviancy

Chris Gervais believes that the key to combating endemic normalization of deviance lies in building a culture of communication. He states that it is:

“...important to prioritize building a culture of communication, honesty and improvement in order to catch and prevent a normalization of deviance before it sets in.”

But how is this achieved?
Gervais believes the answer lies in empowering employees to have controls over their own processes and tasks, and to create a culture where questioning the perceived order is accepted. Conventional company wisdom needs to be tackled at every point to see if it can remain standing. Companies which fail to build a culture of this kind will see the creeping presence of normalization of deviance.

He describes:

“The most effective and long-lasting way to prevent a normalization of deviance from permeating your company and... teams is simply to communicate more and ensure those teams are empowered to enact change in their tools and process where needed.”

How can you practically tackle normalization of deviance?

Process Street provides the business process management tools needed to make the changes and improvements described by AIIM and Gervais above.
With Process Street, you can map overarching company processes to look for root problems. You can create processes for employees which they can then optimize through iterative improvements, as a team and with external input.

Moreover, you can easily gather data on how your processes were carried out, allowing that optimization to be even more effective and informed.

Through following optimized processes every time a complex task is completed, mistakes will reduce and quality will increase.

Normalization of deviance is a glaring problem facing all companies, but it is a problem which can be handled.
What processes do SpaceX use differently to NASA?

On Saturday the 14th of January, SpaceX successfully launched their Falcon 9 rocket carrying 10 Iridium satellites up into orbit. More impressively, they glided the first stage booster back down to Earth and landed safely on a drone seafaring platform.

SpaceX has long been known for their insistence on strong processes. Bringing the methodologies of Silicon Valley into the space industry was Musk’s key to outperforming the opponents. The application of efficient process management and lean strategy shaped how the company has come to be.

What exactly did they do differently?
There are two key ways in which SpaceX diverged from the industry’s norms. The two are related and intertwined but are more easily identified as separate phenomena.

The first is SpaceX’s vertical approach to production. Instead of contracting out manufacturing to other firms who in turn contract bits of production to other firms, and so on ad infinitum with each adding their profit margins, SpaceX brought much of the manufacturing in-house.

“...The secret to the low cost is relatively simple, at least in principle: Do as much as possible in-house, in an integrated manufacturing facility, with modern components; and avoid the unwieldy supply chains, legacy designs, layers of contractors, and “cost-plus” billing that characterized SpaceX’s competitors. Many early employees were attracted to the company because they wanted to avoid the bureaucracy of the traditional aerospace conglomerates.”

SpaceX also bought off-the-shelf tech to integrate into their product. With the rapid advances in computing, it’s possible to buy much of your equipment through consumer electronics even when building rockets.

The second factor which separates SpaceX from the mainstream is centered around the company culture, as described by Tim Fernholz:
“The Space Exploration Technology rocket factory is a large, white hangar-like building near Los Angeles international airport, with a parking lot filled with late-model motorcycles and Tesla electric cars. The vast metal structure once churned out 747 fuselages for Boeing. When you get through the front doors, past security and a cubicle farm stretching the width of the building, there it is: Science fiction being wrought into shape, right in front of you.

Right in front of all the workers, too. The company’s two-floor cafeteria is practically on and overlooking the manufacturing floor. Designers and accountants can eat lunch watching technicians build space capsules and rocket stages. There’s a lot to see: Rockets, like good suits, are bespoke objects, hand-made to order; a SpaceX tour guide says much of the work is too precise for robotic assembly.”

Unlike other space industry companies who move their factories around the world to save on labor costs, or contract out large manufacturing tasks to the other side of the country, SpaceX keeps as many of its workers together as possible.

This ethos of having many workers from different sections all together, and encouraged to collaborate and discuss the project, is SpaceX’s key
weapon against normalization of deviance. If the ethos of inter-team collaboration extends as far as analyzing others’ processes and core assumptions then errors like that leading up to the Challenger disaster could potentially be diverted.

Normalization of deviance is cyclical and returns with complacency

But deviance is always occurring in companies, and with complacency or poorly managed growth it is at risk of being normalized – even at SpaceX.

On Wednesday 11th of January 2017, the Aerospace Safety Advisory Panel published their annual report and criticized SpaceX for their fueling methods and the safety implications concerning the planned 2018 manned mission to the International Space Station.
SpaceX uses super-chilled liquid oxygen immediately before launch to maximize their power potential. The report claims that the risks involved in this fueling technique with a manned vessel are not “adequately understood”.

Though, we should remember that the Advisory Panel highlighting a problem is not a bad thing.

In fact, in the context of a discussion surrounding normalization of deviance, this is the best possible result.

But how did they come up with this analysis and locate this potential problem?

SpaceX has been performing a safety analysis with NASA for the last year and a half. There have been continual external eyes on key decisions and testing assumptions.

This oversight process has yielded results and raised concerns before a disaster has had the chance to strike.

It appears we’re learning. Hopefully, the results of this will be a safe 2018 launch for SpaceX and more importantly, the astronauts onboard.
04. What is Business Process Management?
What is Business Process Management?

A Really Simple Introduction

If there ever was a three-word phrase that sounded dull enough to be a sedative, it’s business process management.

It’s probably the vagueness that’s so off-putting. Which process? Managed how? Who’s business? In the last chapter, I went deep into what a process is and then why processes are important. I’ll recap so you don’t have to skip around.

A process is “a collection of interrelated work tasks initiated in response to an event that achieves a specific result”.

But what happens if that process isn’t achieving the result, or if it’s not achieving it very effectively? Every business has goals, but the interesting part — and what business process management actually is — is the exact steps a business will take to achieve those goals.
These goals could be anything from sending a newsletter on time every week to hitting $1,000,000 in revenue. Whatever the goals, your business processes are the roadmap for getting there. Not so boring, right?

**BPM is just the step-by-step plan for achieving your business goals**

Business *process management* = creating and optimizing the perfect plans to achieve your business goals.

It’s not a technology, or a one time thing. You don’t ever consider your processes ‘fully managed’ or optimized. Whether or not someone in the company has it in their job title or description, business processes are in a constant state of flux. BPM is always questioning the current state of operations.
BPM asks: “is this really the best way to do it?”

Processes are managed when they’re kept up to date, tested and optimized. Since the nature of business is always changing because companies change size quickly and the tools they use change, processes have a terrible tendency to become outdated.

Have you ever looked through a process document and thought ‘yeah, we don’t do that at all’? It’s lack of BPM that’s lead up to that moment.

Well optimized business procedures save time and company money because time wasted following poor processes compounds every time the process is run. If hundreds of people run a bad process hundreds of times, you could lose out on weeks of your year without noticing, leading to a massive dip in revenue and no proper explanation.

Owning your processes

An important feature of BPM is ownership. Processes should be owned by people, and those people are responsible for updating and optimizing them. This makes sure the processes actually get used, too.

As AIIM says, “human nature takes over and the momentum peters out” if people don’t feel ownership for their processes.
The best people to be in charge of creating and maintaining their own processes are those responsible for doing the tasks. Naturally, I’m responsible for keeping the writing and editing processes up to date. Our support team takes care of the support processes, and anyone else who uses these processes can make edits and suggestions to optimize them, too.

Managing your processes collaboratively

When you create and manage processes for just yourself, you can easily slip into complacency. You might not bother updating an old process because you know what it means and it doesn’t matter. But here’s the thing: you become the bottleneck if that happens.

You become the person getting emails asking for clarification and wondering why your process talks about firing the dial-up modem and logging onto Lotus Notes.

Create process documents you can easily update with Process Street.
This is why you shouldn’t keep your processes hidden. You should get other people to use them, offer their feedback and apply updates. Zapier’s Wade Foster – who often talks deeply about processes – lets anyone edit a process in the company because it keeps the processes current and available, and promotes a culture of openness.

“The purpose of a document is the dissemination of knowledge. When access is restricted, it sends a message that the information is only relevant to a certain group of people. Remember that these documents are intended to reach readers and employees. Publish documents on a platform where your team will see them daily. [...] Process documents are for the company to use, so feedback and new input can be incorporated to make them more effective.” – Wade Foster

Optimizing your processes

For simple processes, it might be something like switching over to a more efficient tool. For long processes with many people involved, you’ll have to think deeper. Laserfiche boils it down to these 5 questions:
• What is the goal or desired outcome of this process?
• When does the process begin and end?
• What activities move the process forward?
• What departments and/or employees are involved?
• What information is being transferred between steps?

The difference between optimizing your processes and not bothering is the difference between having an office full of people shrugging and making faces or having an office full of tightly bound teams who know how the best way to create, improve, market, distribute, manage, sell, design, write and do.

Here’s the process for optimizing a process – run it every time you notice an inefficient process is dragging you down, or for your regular process audit:

![Checklist for Optimizing a Process](image)

When you’re editing process documents or wondering whether to scrap a process entirely and start fresh, use the above process, but remember...
No process is ever perfect, but the idea is to get as close to perfection as possible

Processes are in a constant state of optimization. Just like with any element of business, you can follow best practices to get a ballpark idea, but you won’t nail anything unless you regularly test, get feedback, iterate and test.

While growth hacking isn’t exactly BPM, there are plenty of parallels, Sean Ellis explains:

“We’ve learned it’s much better to ship it now and fix it later, once you can see how people are using it, than it is to let it linger in development forever. Just ship it.”
- Sean Ellis

What are you striving for?

Like any optimization experiment, you need to identify the KPI you’re trying to improve. You could develop a process for improving CRO projects, and the success metric would be net percentage lift per week.
The only way to know if you’ve successfully optimized the process is to look at the hard facts.

Managing processes with automation

It’s a misconception: process management ≠ process automation. Even though it is often true that automated processes are more efficient, skip the automated process if the task is better off done manually because of the high margin for computer error that could be corrected by human common sense. Again, it’s something to test and think properly about. While you mull it over, I’d suggest reading our ebook which is a complete guide on the topic.

Download our free 111-page ebook on automating your work with Zapier

Ever wished you could automate the stuff you hate doing at work? Then you need to check out The Ultimate Guide To Business Process Automation with Zapier!

We’ve created the perfect resource to get you saving time and money by automating your business’ processes.

From basic tasks such as saving Gmail attachments into Dropbox to shipping your Salesforce leads into Mailchimp, the Ultimate Guide will guide you through setting up the perfect Zaps to automatically handle
the tasks that clog up your schedule.

Plus, with Zapier’s 500+ integrated apps, chances are that your favorite programs are just waiting to be linked!

Better yet, it’s completely free!
Managing your business processes doesn’t have to be difficult

Since I’ve already described what processes are and why they’re important, in the next chapter of this business process management guide, I want to go deeper into BPM and talk about some of the more nuanced practices, along with how to actually implement processes and BPM software in your business.
05. Business Process Analysis
Are you a hardcore management type?

If not, concepts like business process analysis can seem impractical, unapproachable and not worth trying to understand.

That’s because business process management has an image problem. I associate it with godawful clip art, filing cabinets and bosses who sincerely remark about wheelhouses, paradigms and scaffolding.

A comment spotted on a video explaining business process management:

From earlier chapters, you know what a business process is. You know why they’re important, and that they need to be managed and updated. That’s a good grounding to start implementing process management in your business, but where do you start?

Just like in A/B testing, before making changes you start by looking at what you’ve already got. In this post I’m going to explain business process analysis – the first step you need to take before diving into managing your processes.
I’m not going to get to talking in distant buzzwords. I’d rather get through this explanation having shown you how to analyze your existing business processes so you can get on with growing your business, this time more efficiently.

 Whether you know it or not, there are processes at work

Every business has its systems, whether they’re actually documented is another thing. A process is anything that takes an input and produces an output, and in business it’s usually part of a larger system to manage either internal (staffing, invoicing) or revenue-producing (products and services) activity.

And so, if you’re using your time, your Photoshop skills and your email account to run a small graphic design business, there’s a process at work there even if you don’t call it a process. The idea is to find out what the process is, document it and then try to refine it.

 For example...

(The two words that make my brain breathe a sigh of relief.)

Let’s say you’re creating and sending an invoice (assuming you aren’t automating it). You hire 4 new staff members and you need to show them how to invoice the company properly. If you have never analyzed
the process, there are a few risks involved:

- You can’t show the new staff how to invoice you correctly.
- You can’t show the new staff how to invoice you quickly.
- You can’t be sure you’re even explaining the most optimal workflow.

But, if you’ve taken time to analyze your existing process, you’d have something concrete to distribute (whether it’s on paper, with a document management system or through Process Street), and that would mean you can painlessly scale up that particular business function.

## What process analysis looks like on a small scale

When you’re running a startup or small business, process analysis thankfully isn’t something that requires bringing in a team of consultants (who carry folders with clipart stickers and say things like co-opetion and bizmeth) – process analysis is something you can do internally.

Every team member can (and definitely should) analyze their own processes. Why? Can’t you just get someone from the operations team to do it? No, because as the man responsible for the flight checklists that saved Boeing from bankruptcy said:
“Bad checklists are vague and imprecise. They are too long; they are hard to use; they are impractical. They are made by desk jockeys with no awareness of the situations in which they are to be deployed” — Daniel Boorman

And I totally agree. Before I hand any process off, I make sure I’ve gone through the task myself and ruthlessly cut anything that isn’t strictly necessary.

The way to do this, task-by-task, is by recording a screencast of what I’m doing as I follow the task through from start to end.

Then, without doing any documentation beforehand, I start to make a bullet point list of what I’m doing using WorkFlowy, leaving out no vital detail.

Afterwards, of course, I paste the list into Process Street and flesh the skeleton out with screenshots, text explanations, and so on.

This documents the process. **Without documentation there’s no process to analyze.**
How to analyze existing business processes

Believe it or not, I actually have a process for analyzing and optimizing processes. It’s not something specific to our business or what I personally do, so it’s a process you or anyone can use!

Check it out here, and embedded below:

Inside the checklist, there are a number of ‘what’ and ‘how’ questions that you should answer for your core functions, and get others in your business to do the same. My core functions, for example, include:
• Writing/editing/formatting blog posts
• Writing/editing/formatting marketing emails
• Keyword research with a variety of SEO tools
• Content research with Buzzsumo
• Marketing data analysis
• Keyword analysis with database tools
• Launching and managing outreach campaigns

etc, etc...

That's already a fair few marketing processes, and it's just one department. If these are processes that are done often enough there'd be time and money to save by optimizing them, then optimize them! It'd be pretty shameful if we didn't keep our processes up to date at Process Street, but we hope everyone else takes it just as seriously.

**Compiling your processes into a map**

I realize business process mapping is another story for another time (and it is coming in the next chapter), but mapping really is a solid way to analyze a process.

Some people think in more visual terms, so if you're one of those people or if you're working with visual thinkers, mapping will speed things along.

What does a process map look like? This:
In the context of something you might do daily, it’s not such a jaw-breaking yawn.

You can use something like Draw – a Confluence add-on – to map your processes out. A good thing about not doing it on paper is that you never run out of space if you feel like interlinking the processes, showing dependancies or just quickly redrafting and optimizing.

The next steps

In the next chapter, I’m going to be taking a closer look at business process mapping. You’ll find out what it is, how it’s used, and why it’s such a powerful tool for making sense of traditionally difficult processes – especially for visual thinkers.
06. Why You Should Bother With Business Process Modeling
Why You Should Bother With Business Process Modeling

Just like the basic ideas of processes and the division of labor, business process modeling was born in the mechanical industry.

In the winter of 1921, Frank Gilbreth presented a paper to the American Society of Mechanical Engineers entitled “Process Charts: First Steps in Finding the One Best Way to Do Work” – an excellent title by any standards, and something that turned a lot of businesses onto the idea of modeling their processes so they can optimize them.

Gilbreth, the paper’s author, is probably better known as the author and central character of the 1950s novel Cheaper by the Dozen. While I’ve never read it, it amused me to find it that an industrial engineer-turned-management consultant wrote a novel with time and motion study as an underlying theme.

Gilbreth was an interesting character, but also a man laser-focused on exactly what processes are for: finding the one best way to do work.
The basic theory of business process mapping

Why do you need to map business processes? According to Gilbreth, it’s because you need to *take stock of your processes* before you can begin to improve them. By looking at the big picture, you can see the cause and effect of each step and start to understand the process flow properly.

“Every detail of a process is more or less affected by every other detail; therefore the entire process must be presented in such form that it can be visualized all at once before any changes are made in any of its subdivisions” — Gilbreth

Here’s the form he was talking about:
That’s an informal draft version of a **cross-functional process map**, which means that it has steps in it that need to be carried out by different people. On the left, you can see the steps are divided amongst the manager, department head, etc.

When process maps are finalized, they’ll look more like this:
Not the most beautiful thing you’ve ever seen, I’m sure, but it can do wonders to fix a slow and inefficient business.

Gilbreth finishes his essay with two quick notes:

1. Visualizing processes does not necessarily mean changing the processes

Here’s how to get started with process mapping.

Getting started with process mapping

Ian James, founder of The Process Consultant blog (one of the only other blogs that talks about processes like a human being), has a lot of knowledge to share on process mapping. In his article on the topic, he even lays out a few tips for mapping a process:

- Map the process “as is”
- Ignore process exceptions
- Involve those who execute the process
- After a rough draft, document digitally and share
- Make sure to map on a big canvas
- Collect example documents for every step, if there are any

(Stay with me ’til the end for a full interactive process based on Ian’s tips!)
Processes are mapped in groups, where someone will map the process while the team that executes it explains how they do it. Teams use big whiteboards to draw up the flow before documenting it digitally.

It’s important to remember to use a messy whiteboard when you’re getting together the initial draft because people would rather not change digital information, but don’t mind scribbling on a board. It’s a bit like how people write better in notebooks.

The anatomy of a process map

A process map is a lot like your every day flow chart, but also includes some elements exclusive to business process management nerds. Here are the basics you need to know:
There are, of course, more complex symbols, too. Nothing’s ever jargon-free in business.

There's nothing stopping you from making up your own, either. Check out this (borderline hilarious) list of chart symbols from 1899, cited in Gilbreth's Process Mapping essay:
So, yeah... if you ever need an ‘inspection for quality by kinesthesia’ symbol, there you are!

**A very official approach to business process modeling and notation**

In the same way that a group of people called the Unicode Consortium control which emojis you’re allowed to use, there also exists a group that seeks to standardize the way you map processes.

They’re ironically called OMG (because there’s nothing shocking about them). They joined forces with the Business Process Management...
Initiative in 2006, sat down at a big table and – thoroughly sick of the inconsistency – decided to fill the vat of coffee and hash out the single best way to represent a business process.

The result is BPMN (Business Process Modeling & Notation) specification. It’s available to learn for free on their site (here) and is the generally accepted prim and proper way, used by businesses small and large.

Some of the notations are pretty complex, but it is nothing if not thorough, and that’s exactly what a business with a ton of varied and messy process diagrams would need to pull itself together.

For a gallery of business process map examples, including where I’ve got the above example from, go here.
The problem you might run into while creating a process map is that you could end up making it either too detailed or too basic. When it comes to this issue, Ian James has a great solution:

“Is it accurate to say “Joe does this bit of the process all by himself”? If the answer is “Yes” then it is safe to abstract all those tasks into a single activity box. If the answer is “No” then you need to break it up into separate boxes so that it’s true for each box.”

Basically, if it needs explaining and breaking up, then do it. If it doesn’t, then compress it into one box and reduce the size of the map. After all, you don’t really want your process map for logging into your email account to end up looking like this behemoth:
The process for creating a process map

As process creating software, it wouldn’t be fair to go on about processes for so long without giving you a process. Below is a checklist you can run from start to end to create a process map.
And, don’t forget the strong guarantee from Gilbreth: process charts pay.
07.

How to Switch to BPM Software When You’re Just Using Paper
How to Switch to BPM Software
When You’re Just Using Paper

I got bitten by a dog recently, and, funnily enough, it gave me the idea for this chapter.

The dog wasn’t the issue. The problem was having to get 5 vaccines over the course of a month, and my *only* major compliant is the way patient records are kept and processed at the hospital I went to.

You know how frustrating it is to deal with a business that refuses to use anything made in the last three decades?

Every single time, I had to fill out my name and address again in some tattered paper version of a spreadsheet that got shoved in a filing cabinet. After I’d gone to do that, they were able to confirm that I needed injection 3 because of the paper ‘injection passport’ I got given, and I was sent to pay for this particular session before coming back to queue up again.
Why paper-run businesses are making a big mistake

Like I said, the dog bite didn’t bother me anywhere near as much as how they ran their systems and how that reflected on their customer experience. There are a few problems involved with the way the hospital went about their operations, and these problems apply to any paper-run business:

• Everything had to be handwritten
• Everything had to be stored physically in bulging files
• The only way to move information around the place was by hand
• The same job was done over and over again (in some instances, several times weekly)

And these aren’t just problems with that one hospital... these are problems with every business that doesn’t centralize its information in the cloud because it’s using paper (and it isn’t much better either to work from local files on a computer).

The exact same thing goes when it comes to managing your business process documents...

How are you going to make sure they’re available to everyone? Track revisions? Update them? Distribute copies to entire departments without wasting a ton of ink and paper? See who’s even using them?
The solution is pretty simple, but one that so many businesses I’ve noticed seem adverse to. For these businesses, it’s time to make the switch from paper to business process management software.

**What is business process management software?**

Business process management software is a tool used to create, update, and distribute process documents. Not only that, it also assists with tracking the executing and automating some elements of the business process. It started out as an enterprise system to integrate siloed applications, work, and data and integrate the movement of data and tasks across teams and departments.

Recently, a new wave of software has been developed to enable small/medium businesses to access the BPM power that enterprises have been using for years.

If you’re wondering at this point what a business process exactly is, it’s a set of instructions that gets executed repeatedly by a designated team or individual. It lays out a plan from start to end that tells you how to achieve a particular goal. This can be anything, from packing a box for delivery to building a new warehouse from scratch. Once you’ve got your processes, you need a way to manage them.
If it’s particularly useful, it won’t just be simply for managing the maintenance of the documents, but it’ll also track runs and activity around the processes, like our tool **Process Street** does.

To achieve the best possible similar effect without software, you’re going to need a lot of paper, physical space, filing cabinets, labor hours and at least one person with *intense* organizational skills.

The result will basically be a library of documents, and, every time you change your **CRM solution**, department head, office block or email provider, hundreds of documents are out of date and need rewriting, printing, filing, labeling, and storing.

Basically, **business process management software** avoids that kind of time-wasting behavior and lets you focuses on what matters: centralizing up-to-date processes.
Getting started with business process management software

Let’s say you’re an old school paper-reliant business right now. Your processes are maintained in a labyrinthine filing system, the methodology of which is so arcane it’s only truly understood by one person who left the company 20 years ago.

As I described earlier, a business without digital processes gives customers a frustrating experience. Writing for McKinsey, Shahar Markovich and Paul Willmott put it perfectly:

“Customers wouldn’t phrase it this way, but they are demanding from companies in many industries a radical overhaul of business processes. Intuitive interfaces, around-the-clock availability, real-time fulfillment, personalized treatment, global consistency, and zero errors—this is the world to which customers have become increasingly accustomed. It’s more than a superior user experience, however; when companies get it right, they can also offer more competitive prices because of lower costs, better operational controls, and less risk.”
You heard 'em. Time to improve. What’s the first step?

**Transferring paper processes to digital**

If you’re currently using paper to document your processes, it probably looks something like the process I referenced in the first chapter:

There’s a much better way to use a document like this. A way that isn’t passive, easily overlooked, or untrackable. Instead of using paper, use **Process Street**.

Here’s the same document written up in the app:
For every time this process needs running, the requester can go into Process Street and run a checklist. The department head can tick off task 2 if it’s approved, and the whole process can be tracked effectively, start to end.

You can even add email templates into the task that can be sent off in one click to the right person:
And, like in the original where a certain member is assigned to the step, you can make sure that’s set up by adding assignees:

Best of all, when it comes to updating it, you don’t need to break into another ream of paper, load up on printer ink and run process updates around the office. You just need to edit the template and changes will be applied to all future processes.

When processes are run – when a new vehicle is purchased, for example – it’s represented as a checklist, like this:
That allows you to run, assign and track every process you own – not just keep it sitting around in a filing cabinet, gathering dust and going out of date before it gets chucked out with the rest of the rubbish.

What’s better?

Get started free today

Make your BPM software do the hard work for you

It’s not like all a BPM tool does is store your standard operating procedures. It’s also used for automating workflows. Traditionally, you’d have those automations running from an on-site server that links to your local network, like this:
Again, you can see it’s not particularly neat and tidy. And running massive servers like that isn’t an option for startups and small businesses, so there’s thankfully another way. A way that involves the cloud.

Our process automation tool of choice (and one that works seamlessly with Process Street) is Zapier. While some apps have support for a handful of integrations, Zapier makes that functionality worthless by connecting over 500 apps together in potentially millions of different ways.

You can automate your marketing efforts by triggering emails and social shares. You can automate document creation and send those documents out to be signed. Zapier saved companies like yours over 14,000,000 hours last year by automating tedious work like data entry and transferral.

Want to learn more about how you can use Zapier? Get a free copy of
08. Business Process Reengineering
What is business process reengineering?

Like most buzzwords, business process reengineering (BPR) is a dull way to describe an interesting topic. Put simply, it’s the act of rethinking the way you do the important things in your business. It’s when you say “this is so inefficient it’s killing us”, and sit down to strategize how you can improve your processes in a radical and fundamental way.

In this chapter, I’m going to run through some case studies and explain how Taco Bell, Ford, and Google have reengineered their business processes to create change for the better in their businesses and save them from death by inefficient process. And so can you.

You need to cut out the work that doesn’t add value, but where do you even start when cutting down on the amount of processes you execute in your business? Let’s look a little deeper into the aims of BPR.

Why (and when) should you bother with BPR?

Your company is never too small to consider business process reengineering. At its heart, BPR is something enterprises do. When an uptick of just 2% efficiency could mean a few million in extra profit
next year, you better give that thing a title and formalize it as a field of study!

With startups, however, it's not so drastic. It might even be funny to call it BPR when it's probably just a few people sitting in the same room agreeing to change the way they do things because they're all sick of the extra work.

No matter what the company size, though, it's never too early to start doubting the efficiency of the way you do things. Bad processes create problems that wear people down, and in small businesses you don't have employees you can afford to be worn down – you don't have the numbers.

In short, start now. Examine the way you do what you do, and start cutting out the work that doesn't add value.

Start with a process if:

- the process is important
- the process is fundamentally broken
- the process can be feasibly changed

Here's a few examples of BPR so you can get a tangible idea of what it involves.
Google redesigned its hiring process in the early days after a study revealed it was — to put it bluntly — utter garbage. In a 2013 interview with The New York Times, Laszlo Bock (SVP of people operations), said:
What do you do when something like this happens? For a tech company like Google, the obvious choice is: turn to data.

After finding the famous “how many golf balls can you fit in Seattle’s sewer network?”-type questions to be nothing more than a way to make interviewers feel clever and superior, they moved away from random questioning and towards a structured, process-driven approach involving behavioral interviewing with fixed questions like “give me an example of a time when you solved an analytically difficult problem”.

By reengineering the hiring process, Google has become known as one of the most effective companies in the world at judging the right people to hire. It’s synonymous with finding great talent, not asking useless fluff questions.
In 1983, Taco Bell was teetering on the verge of outright failure. As a $500m Mexican regional chain, it returned -16% annually before making a huge change to the way it did business.

Instead of preparing everything on-site from fresh, it implemented the sci-fi sounding K-Minus Program. What that actually meant, was that Taco Bell removed the kitchen from their restaurants. Hammer and Champy’s book on BPR details the process:

“In the new process, meat, beans, corn shells, lettuce, tomatoes and cheese for their products are prepared outside of the restaurant in central commissaries. At the Taco Bell restaurants, the food ingredients are prepared when ordered for customer consumption.”
What happened as a result of this change?

Well, that was back in the early ’80s when Taco Bell was an ailing chain confined to Mexico. Now, its doing $1.98b in annual revenue and serves 2 billion customers annually from 6,407 restaurants worldwide, according to Wikipedia.

Ford

Michael Hammer, co-author of Reengineering the Corporation, suggested to Ford a radical way to cut down on wasteful work: destroy all invoices.
It's a classic case of moving away from paper-based operations and to a centralized company database. Enterprise Engineering Institute describe the improved process:

“In the new situation the buyer registers an order in an online database. The buyer no longer sends a copy of the purchasing order form to the creditor administration. When the goods arrive at the store, the storekeeper checks in the database whether the received goods correspond to the purchasing order form (nb: previously the employee did not receive a copy of the purchasing order form). If these correspond, the storekeeper accepts the goods and registers the reception of the goods in the computer system. If the store keeper cannot find data of the supply in the database, goods are simply sent back.”

The results of moving from paper invoicing to storing data in a central system were pretty staggering: a 75% decrease in accounts payable staff. These 75% were early victims of computers destroying jobs, but also representative of the salary money that can be saved with drastic BPR.
American engineer, author, and computer science professor Michael Hammer pioneered business process reengineering in 1990s with his HBR article Reengineering Work: Don’t Automate, Obliterate. The article was a rallying cry for businesses who were finding little help from traditional process rationalization and automation. The general message? You’re not going to get anywhere with small changes. Rip it up and start again.

Reengineering posits a radical new principle: that the design of work must be based not on hierarchical management and the specialization of labor but on end-to-end processes and the creation of value for the customer.

– Michael Hammer

His changes in just two example companies rendered the work of hundreds of customer-facing employees useless and made dramatic changes in the efficiency of the business.
If anyone’s the father of BPR, it’s Hammer. A few years later, however, it was formalized by another American academic – Tom Davenport. Davenport laid the groundwork for a proper process companies can follow to reengineer their business processes:

- When identifying the process to be reengineered, pick the most important processes, or those that cause most conflict with business objectives. It’s less common for businesses to catalog all of their processes and reengineer every one.

- Before you start, understand and measure the existing processes using a method like business process mapping. This way, you won’t repeat your mistakes when drawing up a new process.

- Always think in terms of technology. As we’ve seen, Ford saved a ton of money by using a computer database instead of paper invoices.

- See the new process as a prototype, not a final copy. Adhere to agile methodology to get a draft out and iterate on it.
The process for implementing business process reengineering

The Process for Business Process Reengineering

Use this SOP to reengineer your business processes to stop wasting time and money on inefficient ways of working.

1. Identify the process to be reengineered
2. Assign the task of reengineering to team members
3. Read the current process documents
4. Create a process map
5. Draft a new process map and SOP
6. Test the process

Made with ❤ in Process Street
09.

Is Business Process Outsourcing Relevant For Your Small Business?
What is Business Process Outsourcing (BPO)?

Yes, business process outsourcing is something that Coca-Cola does and spends millions on and something Vodafone uses IBM for to build its customer-related IT requirements, but it’s also for anyone and everyone.

It doesn’t have to be done on a massive enterprise scale, and in fact it can be even more impactful for small businesses because it means the difference between hiring a full-time legal team and using an as-and-when needed one from another company. That’s a massive difference in cost.

When you use an agency, or hire an accounting firm, that’s business process outsourcing. While the term has been taken over by enterprises and maybe shifted to mean something different, at its heart, every business does it. Every business without a full-time accountant, legal team, marketing team, designer, IT guy, etc, does it.

It’s enterprise-y because it started out at those levels. Coca-Cola was a pioneer:
“BPO is [...] a subset of outsourcing that involves the contracting of the operations and responsibilities of a specific business process to a third-party service provider. Originally, outsourcing was associated with manufacturing firms, such as Coca-Cola, that outsourced large segments of its supply chain” – Forbes

But no matter what size company you are, there are considerations...

**Is BPO right for your company?**

While BPO is commonly associated with enterprises looking to cut down on the costs of hiring local labor, you can also look at it from the perspective that businesses of all sizes are making use of companies to do their accounting and legal functions.

Just like how for enterprises there can be considerable costs cut when outsourcing on a massive scale, for SMBs it means simply not having to hire dedicated accountants, pay for accounting software, and suchlike.
There are considerable pros to BPO, but it’s not without its disadvantages, says Techtarget:

**PROS:**

- Speed and efficiencies of outsourced business processes are enhanced
- Organizations using BPO get access to the latest technology
- Freedom and flexibility to choose the most relevant services for the company’s operations
- Quick and accurate reporting
- Save on resources related to staffing and training

**CONS:**

- Data privacy breaches
- Underestimating running costs of services
- Overdependence on service providers
- Communication issues that delay project completion

**What are some common processes that can be outsourced?**

Whether it’s on an enterprise scale and you’ll be handing the process over to a large department, or you’re just an SMB working with a single agency, there are a lot of different processes you can consider outsourcing.
Back office:

- Recruitment
- Payroll
- Data entry
- Data management
- Quality assurance
- Accounting

Front office:

- Telemarketing
- Customer service/support
- Technical support/help desk
- Appointment scheduling
- Inbound/outbound sales
- Market research

The new wave of BPO: Productized Services

In the same way that SaaS has replaced the need for bloated digital architecture in businesses, it’s also starting to disrupt BPO in the traditional sense.
A productized service is a mixture of software and an outsourced staff member, both paid on a monthly basis.

**Productized service for bookkeeping: Bench**

A good example of a productized service is **Bench**, which provides both accounting software *and* an accountant as part of the package to do your books for anywhere between $125 and $350 per month – certainly far less than you’d pay for a full-time accountant.
Productized service for A/B testing: Draft

Draft Revise: *More revenue, less headache.*

You have an awesome product, but it’s plateaued. You’re growing, but you suspect you could be growing more. You sell enough, sure, but you haven’t done much to your sales funnel since launch – and you’re unsure where to turn.

Meanwhile, you’ve heard that A/B testing can improve your conversion rate – but you have no idea where to start. And there are dozens of people who claim to growth hack your way through a field of hockey sticks to the promised land, but they all wear ties without jackets, which is severely problematic.

Design is hard. A/B testing is hard. And optimizing your funnel is *absolutely terrifying.* Presenting Draft Revise, a time- and battle-tested design strategy that helps you run tests and make decisions that *make you money.*

Draft is a design consultancy with a specialization in conversation rate optimization and their own software to help A/B test. A lot of companies outsource marketing overall to an agency, so it’s unlikely there’s going to be anyone in-house at those kinds of companies that knows how to run A/B tests – not even Steve from Warehouse. Draft’s Revise productized service is a way to outsource that.

Productized service for logo design: 99 Designs

For quite some time at Process Street, we either fumbled with design in-house or hired freelancers on a project-by-project basis. When it comes to logo design, a growing startup can’t rely on a half-arsed MS Paint job or afford to hire a full time designer. For most business purposes, 99 Designs will do the trick. It offers a front end system for posting your brief, voting on designs and giving feedback. In the end,
you crowdsource a ton of different logos from the community and decide on a winner to get the money.

Productized service for payroll and benefits: Gusto
Gusto offers clients software to manage and get reports on the payroll and benefits for their employees, but also covers everything “from filing all local, state, and federal payroll taxes to sending employee paystubs and W-2s”. So, as well as the automated tasks, they also manually handle the life’s-little-joy that is form filling.

Our experience with BPO at Process Street, and 5 Best Practices

At Process Street, we outsource the recruitment process for marketing assistants to an agency who then handles the payroll and paperwork for those employees.

Recruitment Process Outsourcing saves us time when dealing with working out pay, hours, reading resumes and screening candidates, and that’s valuable because marketing assistant positions are generally filled on a project basis and/or have much higher turnover than the more senior positions.

The most vital thing we’ve found along the way has been the need for a documented process before taking the leap and outsourcing. Because it can be quite delicate, we’ll take this opportunity to lay down a few best practices we’ve found when outsourcing work.
Outsourcing best practice #1: create a screencast for every task

There's no better way to give someone a good feel for what they have to do than a video of you doing the exact task. At Process Street, we include screencasts whenever we create a process, and that's for a couple of reasons.

- By recording yourself doing the task, you can concentrate on *doing first*, then documenting later
- The finished product will be a video you can use to demonstrate the process document and help reduce errors when outsourcing

Looking for the best way to get a screencast recorded and distributed? Check out our guide on the topic [here](#).
By screencasting the task and creating a process for it, you also get to know the amount of time you can expect it to take, ensuring you don’t get ‘given the run around’ by an agency.

**Outsourcing best practice #2:**
**intimately get to know the task you’re outsourcing**

How will you judge the efficiency of the team you’ve outsourced the task to if you don’t understand the process yourself? If you’re a solopreneur or just working out the kinks before expanding your operation, it’s likely you do the task yourself. Are you sure you’re doing it the best way? To figure this out, it’s best to create a process, test it, and optimize it.

When you hand the task over, make sure you’re checking how closely the process is being followed, and whether any errors are cropping up. Ask yourself: did the error occur because of the process, or because the process isn’t being followed?

**Outsourcing best practice #3:**
**outsource easily taught OR highly specialized tasks**

If you’re thinking about outsourcing something particularly creative, like good design or writing, it’s probably best to leave that to a dedicated in-house team and instead outsource things like data entry, research, QA and appointment scheduling.

*Dmitriy Kozlov* from *IncomeDiary* recommends *small businesses* or *entrepreneurs* take a very formal approach to deciding what to
outsource by making a four-column list divided up into the following sections:

- What I do
- What I need doing that I dislike doing
- What I want to do more of
- What might be able to be delegated

For bigger businesses, however, this can be rephrased to make sense like this:

- What are the current functions and processes in the business?
- What could be done more cheaply if outsourced?
- What does the current staff excel at?
- What do we currently outsource?

Answering these questions can help you see what should be outsourced to free up time and money to work on what really matters.

Outsourcing best practice #4:
outsource tasks that you’d otherwise need to hire for

Until recently, we outsourced our design work to freelancers and agencies in order to avoid hiring a full-time designer. Why? Well, it’s quite simple. We didn’t have enough work to fill a full-time designer’s day. So, instead of hiring another employee (quite a big deal for a small company like Process Street), we outsourced the design-related tasks (ebook design, website re-designs, video creation) on a project-by-project-basis.
However, with the new marketing initiative of a push towards video creation, it made sense to hire a professional full-time designer who would also be able to free up time during the working day for the other smaller tasks we'd otherwise outsource.

**Outsourcing best practice #5: get multiple quotes**

When dealing with something that can have such a variable price, it's never silly to shop around. Contacting multiple vendors looking for quotes is not just a way to get an idea of price, but also of how quickly they respond, their tone, and general customer-facing attitude.

We hope you've enjoyed this book. If you have any questions or comments, get in touch with ben@process.st.
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